ACVFA Quarterly Meeting
September 17, 1998

WELCOME AND INTRODUCTION: The quarterly meeting of the Advisory Committee on Voluntary Foreign Aid (ACVFA) was convened by William S. Reese, Chair. Mr. Reese welcomed participants: the ACVFA members, who attend the meetings as private individuals, not as representatives of their organizations; the USAID senior staff; and colleagues from the private voluntary community and the general public. Mr. Reese said that this was the fourth meeting of the present ACVFA and briefly summarized the Advisory Committee's history, which spans 50 years since its inception at the end of World War II. Since then, the world has changed radically, Mr. Reese said. The fast changing global economy presents the international development community with new challenges. As a result, leadership from the United States has never been more critical.

The purpose of the ACVFA is to provide recommendations to the USAID Administrator on matters in which USAID and the private voluntary community interact. Between quarterly meetings, members engage in dialogue with USAID and other agencies, working through three subcommittees, each active continuously over the two-year term of the Committee: Results/Indicators/Procurement; Non-presence Countries; and Civil Society/Partnership. The subcommittees work with issues surfaced by both ACVFA and USAID. The ACVFA is grateful for the unflagging support of Administrator J. Brian Atwood, who truly values the partnership between USAID and ACVFA.

This meeting focused on USAID-PVO partnership issues related to USAID's managing for results process. The morning session featured discussion of the steps that USAID is taking to streamline its implementation of the Government Performance and Results Act of 1993 (GPRA) and to improve its relationship with partners who implement and report on USAID-funded activities. The afternoon session discussed programmatic and management issues related to countries that have graduated from USAID assistance or which no longer have a USAID presence for other reasons. The meeting agenda is Attachment A.

Mr. Reese then welcomed the keynote speaker, Harriet C. Babbitt, Deputy Administrator, USAID. Prior to joining USAID, Ms. Babbitt served as Ambassador to the Organization of American States (OAS) and, among many other credentials, has served on the board of the National Democratic Institute.

OPENING REMARKS: Harriet C. Babbitt, Deputy Administrator, USAID:

Ambassador Babbitt opened by explaining that she represented Administrator Atwood, who regretted not being present because he had been called to head the U.S. delegation at a meeting of development ministers at the United Nations.

Ms. Babbitt said that world developments since the previous ACVFA quarterly meeting gave daily reminders of the importance of the development community's work. She said that it is time to move from treating symptoms to identifying the root causes of international problems. The end of the cold war did not end threats to the future of the United States, as had been hoped. Most of today's immediate threats cannot be met with military solutions because they come not from the strong but from the weak. Dictatorships leave breeding grounds for poverty, said Ms. Babbitt. There is a growing gulf between the haves and the have-nots; 25 percent of the world's population lives on less than $1 a day. Democracy and development are our most potent weapons.

USAID has faced many challenges over the past five years. Ms. Babbitt stressed that because the partnership between ACVFA and USAID is so important, it must be strengthened on an ongoing basis. She also said that USAID is "cautiously optimistic" about avoiding budget cuts for the coming year.

The focus of the last Quarterly Meeting was on results and the requirements placed on USAID under the 1993 Government Performance and Results Act (GPRA). Ms. Babbitt said that it was very timely that we focus again on results and said that the Agency would appreciate more input on steps it is taking to improve the managing for results process. She acknowledged that the issue has been painful but it is reasonable that Congress and the American people want to see the results of foreign aid funding. We do not, however, want to make reporting on results more important than achieving results.

Serious issues about USAID's managing for results have been raised within the Agency as well as by partners. Results management has worked well in many ways but any number of unintended consequences have occurred. She stressed that USAID does not want to micro-manage but to work collaboratively with its partners. She referred to the tension between reporting requirements and field work, but said that it should be a creative tension. "We are getting better," Ms. Babbitt said.

The Agency has instituted an action plan to improve the managing for results process, including results reporting. As part of that process, the Agency will seek partners' input on past actions and future plans. USAID, she said, has made a commitment to improve relations with PVOs and NGOs. "We want to work with you," she affirmed, "to tell the world the powerful story of what you and we are doing."

Ms. Babbitt turned her attention to Y2K, the year 2000 computer date problem. It will complicate the work of the Agency and its partners, she said, because of its magnitude

in developing countries. Addressing USAID's Y2K issues is a large task but the Agency is confident that mission-critical systems will be ready to go at the millennium. Ms. Babbitt pointed out that the Agency is on track with internal systems, but its ability to deliver depends on the Y2K-readiness of its partners and host countries. USAID is very concerned about in-country activities such as banking, taxes, air traffic control, etc., and has launched an Agency-wide assessment of risks. Partners' assistance is an intrinsic part of the assessment, she said. Ms. Babbitt asked that if partner organizations see vulnerabilities, they work with the USAID Program Office to address them.

With respect to partners' own readiness, Ms. Babbitt called attention to the Small Business Administration's guidelines (Attachment B) and urged that partners both use them and distribute them to those on whom they rely. "We are all interdependent in providing services to the developing world," she said. In many organizations, leadership from the top has been slow to come. Ms. Babbitt warned against abdicating total responsibility for the critical Y2K-readiness task to internal technical resources. "For the first time in history, we face an absolutely non-negotiable deadline," Ms. Babbitt said. "It reminds us how important our collaborative work is. Thank you for your input in helping USAID to do our part better."

DISCUSSION: ACVFA member Peggy Curlin asked what USAID expects to see accomplished in terms of results reporting and what mechanisms are in place to report back what occurs at the USAID Missions' mini-retreats with partners.

Ms. Babbitt said that the Agency is including everyone affected by the Results Report and Resource Request (R4) process in retreats in missions prior to the worldwide Mission Directors' Conference in November, and that the reports from missions would be discussed then.

ACVFA member Jane Pratt said that she was glad to hear Ms. Babbitt's remark on the Agency's move to focus on achievement before measurement. NGO experience at present, Ms. Pratt said, is that the focus is more on measuring. What can ACVFA and the NGO community do to help USAID bring the focus back to achievement, she asked.

Ms. Babbitt said that it is easier to define the problem than to find solutions. We have a responsibility to achieve results, she said, not merely to measure input. Two difficult questions are how to devise a system applicable to areas such as democracy and how to factor in unknowns over which we have no control.

ACVFA member Ted Weihe asked how, within the results format, USAID reconciles goals that are set at ambitious, or "lofty," levels with its limited resources.

Ms. Babbitt said that, as a leading development agency, USAID has a certain amount of leveraging power. USAID's work is too important to be distracted by under-funding.

ACVFA member Martha Cashman asked whether USAID takes the position that if an organization cannot demonstrate results, it will get no more resources.

Ms. Babbitt said that there is always the responsibility to use resources wisely and efficiently, so in that respect the answer is "yes." The key is how results are defined. Everyone is struggling with that issue.

Ms. Cashman further asked whether having indicators to identify non-performers would give USAID more clout to stand up to pressures from Congress. Ms. Babbitt answered that it would.

PLENARY PANEL: Managing for Results: Responding to Partner Input

Jill Buckley, Assistant Administrator, Bureau for Legislative &   Public Affairs;
Terrence Brown, Assistant Administrator, Bureau for Management;
Dirk Dijkerman, Deputy Assistant Administrator, Bureau for Policy   & Program Coordination;
Carol Peasley, Deputy Assistant Administrator, Bureau for Africa.

Jill Buckley, Assistant Administrator, Bureau for Legislative & Public Affairs: Ms. Buckley discussed the Appropriations Bill, which went to the House that same day. She said that USAID's concern with the House Bill is the level of funding and with the Senate Bill, the level of earmarks. The amount of discretionary funding remaining after earmarks is limited. She reported good news concerning the abolition of metering of family planning funds.

Ms. Buckley then reported that the previous day, First Lady Hillary Rodham Clinton had hosted a two-hour meeting of 20 people to examine why the American people do not understand the importance of the United States' engagement with the world. Mrs. Clinton is a very helpful supporter of international development and willing to discuss USAID and the development community's issues with people at high levels. Ideas were proposed for a ten-year effort to change public opinion. USAID sent a lengthy memo on one approach. Ms. Buckley said that Mrs. Clinton's involvement is heartening news for everyone in the development community.

Dirk Dijkerman, Deputy Assistant Administrator, Bureau for Policy & Program Coordination: Mr. Dijkerman said that he would provide an overview of the panel at this point and would speak at greater length later in the session. The purpose of his introduction was to lay out the conceptual framework for discussion and highlight areas in which USAID and ACVFA can work together to resolve some of the issues related to the managing for results process. The action plan for improvement of the process ties together the Agency's activities in the field, activities in Washington, and

responsibilities to its stakeholders: OMB and the Hill. He said that the Agency is constructing a framework to bring all these together in a process that is as painless and useful as possible to all. Questions and concerns have surfaced, Mr. Dijkerman said, regarding the internal processes for the Results Report and Resource Request (R4). The Agency is defining how best to do strategic planning and performance measurement in Washington and then how to plan and implement both at the field level and in Washington. The framework is governed by guiding principles that will be discussed by Ms. Peasley.

Terrence Brown, Assistant Administrator, Bureau for Management:
Alluding to Ms. Babbitt's remarks on Y2K, Mr. Brown added that USAID is aware that power and telephone systems overseas may fail, and has made contingency plans for standby power and satellite communications so that there will be no interruption to communications with field missions. Turning then to the subject of managing for results, Mr. Brown said that where strategic planning and activities on the ground meet is Acquisition and Assistance.

In order to improve the acquisition and assistance process, the Agency is making the contracts process more consistent, cohesive, and user-friendly. As it stands, he said, the process is not serving any of the parties well. Over the summer, many meetings with partners took place that identified such serious issues as consistency or lack of it, insufficient understanding of the choice of instruments, and other topics.

As a result, basic guidance for the award of grants and cooperative agreements (Section 303 of the Automated Directives System--ADS 303) is in place (Attachment C). The Agency also is establishing a system through which potential partners may submit unsolicited proposals within a USAID strategy area in response to a Mission's or Bureau's Annual Program Statement. Such proposals can be submitted and reviewed systematically, thereby avoiding the appearance that USAID is not transparent in its review of these activities. This will also have the effect of reducing random unsolicited proposals. Mr. Brown directed those present to USAID's Results-Oriented Assistance Sourcebook website (**http://www.amatech.com/usgov**) as a source of good information and best practices on planning and implementing activities through assistance instruments.

The problem of managing for results and the choice of instruments is not so much about the instrument itself, Mr. Brown said, but about relationships and how USAID staff interpret their oversight responsibilities in practice. After the last ACVFA meeting, a general notice was circulated to all Agency staff to make clear to technical and contracting officers that contracts and assistance instruments are equally appropriate for achieving results; the choice of instrument depends upon the use to which it will be put (i.e., a contract is for USAID's use, while an assistance instrument is for a public purpose). Following that notice, and to respond to continuing complaints from

partners regarding micromanagement of assistance instruments, another memo (Contract Information Bulletin 98-22, Attachment D) was sent out instructing contracting officers to review all grants and cooperative agreements for conformance with ADS 303 to ensure the appropriate level of involvement by USAID staff in the agreements.

"It's about common sense and day-to-day judgment," Mr. Brown said, "not about rules. The point is to encourage behavior that enhances, not undermines, the partnership." He said that because of budgetary constraints that had drastically reduced training for Agency staff, many personnel in the field lack a clear understanding of their roles and responsibilities in USAID's reformed system. As a result, USAID has renewed its commitment to training and has developed a new training course, called "Reaching for Results," that covers the process from the strategic plan to the award and administration of implementation instruments. The course is designed to develop a common frame of reference for USAID contracting and technical staff. It will be held approximately once a month and partners can participate. To increase its availability, the Agency is about to award an umbrella training contract under which the contractor's training staff will be teamed with USAID staff so that direct-hire personnel with appropriate knowledge are available during the training to answer questions and discuss real-life situations that occur in the field. An additional separate course for technical officers with management responsibilities for acquisition or assistance (cognizant technical officers--CTOs) is now being developed.

The aforementioned are ongoing initiatives; there are additional works in progress, Mr. Brown explained. USAID is:

- developing mechanisms for consistent and predictable outreach with partners to address areas of mutual concern (for example, how instruments are selected and how substantial involvement is determined and defined);
- clarifying USAID staff roles with respect to responsibilities for inherently governmental functions (approval of vouchers, etc.) and to responsibilities as members of strategic objective teams; this is an area that is still somewhat confusing, since there isn't a clear delineation of the interface between the Agency's operating philosophy of partnership and results and the governmental functions that only USAID staff may carry out;
- looking at how to improve the broader managing for results process in ways that make sense for USAID and its partners and stakeholders.

Carol Peasley, Deputy Assistant Administrator, Bureau for Africa: Ms. Peasley said that she and Mr. Dijkerman co-chair a task force to review the R4 process and advise on streamlining it. Specifically, Mr. Dijkerman was involved in the broader aspects of the Agency's performance planning, monitoring and reporting system, while Ms. Peasley focused more narrowly on the workings of the R4 process. One of Ms. Peasley's roles

was to represent the viewpoint of USAID's regional bureaus and missions, which Administrator Atwood believed to be critical to the task force's success.

Improvements to the R4 system must be viewed in the context of USAID's results orientation. The Agency had long desired to focus on results rather than inputs and had tried to devise a system built on best programming practices. But little guidance was issued to the field and the result was that a highly complex system evolved. Partners and USAID staff have both pointed out problems with the current system. In response the Agency is making changes, some of which will affect partners directly and others that are more relevant to USAID's internal operations and may indirectly affect partners. The task force is looking at both systemic and specific review process issues, and is also considering whether or not the Agency is setting goals at feasible levels. The draft paper outlining the task force's proposals for revisions to USAID's performance planning, monitoring and reporting system is Attachment E.

Ms. Peasley identified six guiding principles for streamlining managing for results:

1.   The focus on results must be maintained. It is essential to lay out clear results and to use results reporting to <u>inform</u> the budget process at the stages of strategic planning, implementation and resource allocation.

2.   Performance monitoring and reporting systems must be in balance with the benefits derived from collecting the information. They must be feasible, useful, and cost-effective. They must also be based on common understanding and agreement with stakeholders and partners. This calls for developing consensus with many different groups. The systems must also reflect the realities of tomorrow (what it will be feasible to do in terms of the expected available human and financial resources, for example) as well as today.

3.   The information we collect for performance monitoring and reporting, etc., should be only that which the operating unit and Washington really needs. The data reported to Washington need only be a subset of that used by the operating units for their management purposes, since missions need more information than is useful to Washington. USAID/Washington should not require data that is not useful to managers. The Agency needs to devise a rational system and obtain consensus on it.

4.   The performance monitoring and reporting system needs to be seamlessly integrated into the requirements of GPRA-- the strategic plan and annual performance report. These are required by Congress, but the systems set up to prepare these reports should not overburden partners, missions, or Washington staff.

5.   Improvements in our ability to measure and document performance will come about incrementally. The process of improving the whole system will take time and will require consultation, although there are some short-term changes that will be made and that will help in the near term.

6.   USAID must and will consult with stakeholders and partners on the revision of the system. Implementing partners (PVOs as well as consulting firms that do business with the Agency) and other stakeholders will have to understand all aspects of the process.

DISCUSSION: ACVFA member Ted Weihe commended the Agency on the six guiding principles and for its openness and the evidence of real change. Training has helped achieve the change, he said. Questioning Mr. Brown, he inquired whether most of USAID's work should logically be implemented through assistance, since the essential difference between contracts and cooperative agreements is that the former serves the U.S. government and the latter serves the beneficiaries. At present, the split between the two instruments is approximately 50-50. Since USAID is concerned with the public purpose of assisting beneficiaries, shouldn't the Agency do a major realignment of its use of instruments and move from contracts to assistance instruments?

Mr. Brown responded that there is actually a finer distinction: the Agency uses a contract when it knows with great specificity what it wants. There are instances where contracts are the best approach—-when there are defined project parameters, for example, as in a contract to build a bridge. The Agency recognizes that choices are currently being made on the basis of control--that is, contracts are chosen because they allow for a greater degree of control over performance and for remedies for non-performance. In assistance, there is a different kind of relationship. Over time there will be greater use of cooperative agreements by the Agency as the partnership increases and as USAID loses staff in the field and must rely more heavily on implementors to carry out programs themselves with less management oversight. Mr. Brown noted that the choice of instruments is an art not a science, and that training will be needed in determining the type of relationship that is desired and choosing the appropriate instrument. He invited participants to report situations that are inconsistent with USAID's policies to the Agency's Procurement Ombudsman, Barbara Brocker, and to provide her with examples that are as specific as possible.

Mr. Weihe asked if USAID is doing a review to see whether all instruments meet the choice test. Mr. Brown replied that his office has asked for a compliance review.

ACVFA member Peggy Curlin, addressing Mr. Brown, said that she was pleased and grateful for the work being done, and especially for Mr. Brown's use of the term "relationship," which will help a great deal to improve partners' relations with the

Agency. She said, however, that general experience was that complaints and concerns at lower levels of the Agency are often not met with the same level of receptivity that USAID senior management has shown. What can be done, she asked, to create a "safe zone" where people can raise issues without fear of retaliation? How can the ACVFA be helpful in creating a mechanism such as a committee or arbitrator to address and resolve issues?

Mr. Brown agreed that the fear of retaliation is understandable. He said it has been difficult to achieve consistency across all actors in a decentralized system. The purpose of the Office of the Procurement Ombudsman is to address these issues on a case-by-case basis. There is a formal complaint mechanism and USAID is trying to increase its visibility and use. The Agency is trying to build on the mechanism and has now created an internal Acquisition and Assistance Policy Group to deal with broader issues. He said that it is very important to create an atmosphere where people feel they can have problems resolved by the Agency, rather than having to take complaints elsewhere. In addition, USAID has a need to know of problems that affect the Agency's ability to do its job. He encouraged the group to discuss this further during the day.

Ms. Curlin asked Mr. Brown to be more explicit about what the ombudsman would do in addressing problems.

Mr. Brown gave an example of a Request For Proposal (RFP) that had been pulled because the choice of instrument was not appropriate. The Ombudsman could also be helpful in clarifying regulations and issues related to grant or contract administration. Mr. Brown said that since there is confusion about the Ombudsman's functions, the Agency will publish the roles and responsibilities of the Procurement Ombudsman on the USAID website.

ACVFA member Bob Chase agreed that this would be useful, but commented that information on protocols for protecting secrecy should be included and would encourage use of the ombudsman. Partners are currently unsure of possible repercussions within USAID at the field level if they voice complaints.

Mr. Reese called for a short break and when the meeting reconvened, he said that action items had surfaced during discussion of the role of the ombudsman. He reminded members that they are here to focus on issues such as this, where the Committee can make concrete recommendations.

Dirk Dijkerman, **Deputy Assistant Administrator, Bureau for Policy and Program Coordination**: Mr. Dijkerman said that in the field, at USAID/Washington, and among the stakeholders, perceptions of the R4 process are that it is an annual rejustification of the entire strategy and a juncture at which a mission's progress overall is reaffirmed.

This is a mistaken notion, he said. Changes are being made within USAID to let the missions know that the R4 process is not their annual report card or a justification for programs and budgets. "The information we gather and use in our budget process," he said, "is just one part of a bigger process."

Mr. Dijkerman said that the Agency's strategic plan doesn't yet serve everyone's needs well. The performance goals are very ambitious and must be better linked to what the missions are actually doing. The Agency will revisit its strategic plan over the next year, working with partners in multiple fora to define goals and the means to arrive at them. The Agency plans to work with partners to draw on other experience on how to capture what is important to monitor and report. In some areas it is very clear what to measure, but in others not. We need to continue to discuss the nature of performance measures for different sectors, and where to use qualitative indicators if there is no way to come up with quantifiable measures. The Global Bureau's Democracy and Governance Center is finalizing a handbook of indicators. It might be useful to obtain partner input to replicate this handbook for other sectors.

Mr. Dijkerman said that there are a number of items and outstanding issues for the Agency to consider in the coming year. The first is the possibility of appointing a performance/results ombudsman. In addition to clarifying issues and providing advice, the ombudsman could help disseminate best practices for measurement. Second is how USAID carries out planning in the field. The performance measures that are selected go back to how strategic planning is done and to the objectives that are set. Mr. Dijkerman said that USAID will let partners know which Missions are going to revise their strategic plans so that partners can have input at the early stages before indicators are discussed.

Another step being taken is that the Bureau for Management and the Bureau for Policy and Program Coordination are developing procedures to follow up on whether guidance that has been issued is actually being carried out as intended. The Agency needs to do a better job of both issuing guidance and following up to verify that staff behavior has changed. Yet another area being looked at is the link between strategic planning and implementation: to what extent do results frameworks get translated into implementing instruments? The goal would be a one-to-one connection. Addressing the issue of lofty performance goals, Mr. Dijkerman said that the experience of USAID's partners will help bring things down to more realistic and attainable level.

Jill Buckley, Assistant Administrator, Legislative and Public Affairs: Ms. Buckley addressed two subjects: the Mission Directors' Conference, and retreats being held in advance of the conference at each mission. In order to maximize the productivity of the conference, during the month of October, each mission and Washington operating unit will have a retreat with partners to discuss, in an informal way, internal and partner-related issues.

Turning to the Conference, Ms. Buckley said that about 80 mission directors will attend as well as 40 Washington staff. The Conference is field-oriented, not Washington-dominated. As many as 20 partners (broadly defined to include PVOs, NGOs, universities and contractors) will be involved, covering a cross-section of sectors and types of partners. She said that Congress, too, will be involved. Not only can USAID personnel learn from them, but it is also an opportunity to educate congressional staff, in particular, about what their earmarks do to USAID's ability to function in certain countries. The conference's structure will attempt to facilitate solution-based discussion.

One of Administrator Atwood's concerns, Ms. Buckley said, is that the Agency sometimes has problems on a human level in dealing with its partners. At Mr. Atwood's suggestion, a videotape is to be produced in which a professional facilitator will work with a group of Agency staff and partners in simulated problem situations and teach more constructive methods to resolve issues.

DISCUSSION: ACVFA member Christopher Dunford asked if the discussions and actions to improve the managing for results system and the R4 process are likely to be worthwhile. What are the measured results of managing for results, he asked, and what are the indicators to know if we have succeeded? Is managing for results driven by the need to justify the use of internal resources? If so, is it actually affecting resource allocation? What benefits have been realized, aside from meeting the requirements of GPRA? And if there is no evidence of the benefits of educating Congress, would it be worthwhile to change GPRA?

Mr. Dijkerman said that to answer the question whether performance has an impact on resource allocation, the Agency did a very laborious study to determine whether there was a link between performance and resources. The study showed that there was a statistical link in that the missions performing on track received a greater percentage of the resources they had requested. He cautioned however, against being too performance-focused. It's important to consider that the reason for a mission's not meeting its objectives may be that it doesn't have enough resources. Washington should focus on what is being done well and on improving poor performance. Congressional staff concerned with implementation of the GPRA believe that the quality of performance monitoring and strategic plans across the board for all government agencies is not yet in a condition to inform the resource allocation process. They also recognize, he said, that it is a "tough nut to crack."

Addressing the question of whether GPRA should be changed, Ms. Buckley said that the intention of Congress was valid, and it is reasonable to require government agencies to report on the use of taxpayer dollars. There is support for foreign aid among the American people, according to researchers such as Steve Kull at the University of Maryland, but people also think that it wastes money, primarily because they believe it

consumes a larger share of the government budget than it really does. Reporting the results of foreign assistance might help to change this misperception. When USAID tries to discuss GPRA with Congress, only a handful of people on the Hill are really interested, Ms. Buckley said. One problem in considering whether to change GPRA is its generalized legal language. It is difficult enough to interpret, and changing it might not have a positive effect.

Ms. Peasley said there is a complex relationship between GPRA and resource allocation decisions. She said that in the Africa Bureau there is some evidence that GPRA has affected the resource request process in that operating units such as missions are making better decisions about what they request.

ACVFA member Jim Henson said that in dealing with missions, it had been his observation that success depends on rewards and sanctions for field staff for their effectiveness in dealing with partners. He asked how that is being addressed.

Mr. Brown said it is a very difficult question but that the Agency is looking at the current foreign service officer promotion system and there will be precepts on how staff are reviewed and rated in place by January. The aim is to realign the personnel system with teamwork and the other tenets of reengineering. The support and example of Mission leadership is very important, Mr. Brown said, and the upcoming worldwide Mission Directors conference will help to address this issue.

ACVFA member David Brown said that in some cases, one person or organization has complete control over outcomes, whereas in others, many different people are involved. How are people held responsible for results if they are not wholly in control?

Mr. Dijkerman agreed that this is a fundamental problem and said that the term "managing for results" connotes managing toward something, not necessarily achieving it. What is intended is that people put forth their best efforts. The Agency looks at whether everything feasible and useful was done to work toward the specific goal.

Assistant Administrator Brown said that it is imperative to determine that results are within reach, that development assumptions are reasonable.

ACVFA member Joseph Kennedy said that problems arise when we have elaborate systems to quantify. Congress may be sold on the charts, but what counts is the prose backing up the charts.

Mr. Dijkerman agreed that the prose is more important than raw numbers. The charts are just tools to help the thinking process. He said that the tools have tended to take on a life of their own. In the future, the focus will be more on the text than the data. The Agency is wrestling with how best to use the data and wants to ensure that there is not

the perception that if an organization isn't achieving results, it won't receive funding. It is more important to know what is being done to achieve the result and whether the project is on track, or, if it is not on track, what's being done to rectify that.

Ms. Buckley said that solving this issue also will help Congress understand how earmarks make it difficult to manage for results. Some members of Congress doesn't see development as a big picture; they see individual pieces, hence earmarks.

PLENARY PANEL: Issues Related to Graduation and Non-presence Countries

Robert Chase, Chair, ACVFA Non-Presence Country Subcommittee;
Frank Martin, Program Officer, Center for Development Information & Evaluation, Bureau for Policy & Program Coordination and Team Leader of the CDIE Graduation Study;
Michael Crosswell, International Economist, Bureau for Policy & Program Coordination.

Mr. Chase opened the session by pointing out that country graduation and non-presence are very complex issues with a large scope and differing definitions. The subcommittee has been concerned with defining ACVFA's role in the current dialogue and determining the "value added" of its input into USAID's non-presence and graduation policies.

The former ACVFA was involved because of PVO concern with USAID's "out is out" policy and the lack of clarity in the process for its implementation. There seemed to be exceptions to the out-is-out rule, but the criteria for leaving a country or continuing programs in places where USAID did not have a staff presence were not known. The Committee realized that this was part of a larger issue of graduation and exit and post-exit relationships with countries. ACVFA asked whether USAID had policies on these situations, whether a policy was desirable, and whether a single policy would be workable for all types of post-USAID relationships.

Mr. Chase identified two key crosscutting issues that are still on the table: first, the issue of stakeholder participation or partnership in designing and carrying out non-presence policy and programs. Were the right people involved early enough in the design of Agency policy? Was there real partnership? And second, the sense that the not-for-profit/NGO sector, because of its long-term commitment and capabilities, should have a "preferred role" of sorts in the process of planning for and carrying out the transition to non-presence.

Mr. Chase said that the first action of the Subcommittee on Non-Presence Countries was to engage the Assistant Administrators of all USAID bureaus with operational field programs. The Committee needed case studies and reality testing. The Assistant

Administrators were very generous with their time and these meetings were highly productive. Mr. Chase gave recognition to consultant Lou Stamberg for supporting that work and noted that a document summarizing the subcommittee's findings and observations was available.

Mr. Chase noted the significantly differing contexts among USAID bureaus for dealing with graduation and non-presence. Mature countries that are ready for graduation are a subset of the exit/closeout situations. There are other situations where resource constraints force USAID to exit. In these cases, USAID'S departure can be planned in a way. It is necessary to have time to think about issues involving graduation and non-presence well in advance, and to give attention to USAID's legacy. USAID should, ideally, develop a policy to cover post-presence based on models of what has worked in the past and what might be applicable elsewhere.

The reality, however, is that USAID leaves countries for a variety of reasons extraneous to such a considered process, often very quickly. There are also circumstances under which USAID goes back into a country. Finally there are countries where there is USAID activity but no presence. These may be global programs that address global problems and which are usually run by NGOs, usually quite successfully. It is extremely difficult to draw up a policy to fit such varied circumstances.

In its working with USAID on these issues, the subcommittee identified a number of other questions:

- Is it feasible/desirable to have an overall policy?
- Does the Agency know where its resources are, vis à vis its field staff?
- Which non-presence countries take what percentage and amount of USAID resources? It is not clear to the committee that such data are available.
- Are there ways the Agency can assure that activities are cost-effective, accountable, and achieving results in the absence of USAID staff?

Mr. Chase then introduced his fellow panel members.

Frank Martin, Program Officer, Center for Development Information & Evaluation, Bureau for Policy & Program Coordination: Mr. Martin identified himself as the principal officer within the Policy Bureau who led the study of models of post-presence institutions (Attachment F). He explained that the Bureau generally carries out impact evaluations. These involve going into countries after a few years to determine whether USAID accomplished what it set out to do. This graduation study was different, however. There was no source document covering USAID's post-graduation experience. In this case it was too early to evaluate impact. The study was essentially a review of recent experience, with the intent of informing USAID's policy-making process.

Mr. Martin first addressed how the issues were framed and then summarized the findings.

The study team interviewed more than 75 people and reviewed approximately 100 documents. No field work was carried out. Mr. Martin observed that the term "graduation" could be viewed as condescending, and secondly, was that there is no agreed-upon definition of the term. Since the term is widely used, however, the team decided against changing it and created its own working definition: "successful termination of bilateral concessional assistance."

Graduation issues addressed by the study centered on the "when" and the "how" of graduation. There is a point at which graduation occurs and most work so far has been to establish a timing profile. While this hasn't led to a new paradigm or policy, thought has been given to how decisions should reflect the stages of assistance. The team looked, therefore, at the indicators USAID uses to assess relative need, both for countries and sectors. In addition to looking at cases of country graduation, the study also identified several cases in which missions dealt with graduation in sectoral terms, suggesting that USAID can phase out in one sector but stay in others.

How has the process of phasing out been accomplished and what can be learned from it? The team looked at nine country and two sectoral graduations where a variety of mechanisms were used.
Mr. Martin noted that the team had gleaned more information on what was done than on the rationale behind the practices.

Findings and observations of the team included the following:

- Internal and external pressures make it difficult for USAID to graduate countries. There is no policy framework to guide the process. Because there are countries already selected for graduation and others that could graduate soon, the situation warrants development of a more systematic approach.
- Graduation decisions are confounded with budget decisions, especially in the 1990s climate of declining resources. One way to deal with resource issues has been to close missions.
- Any reasonable set of indicators will give much the same set of countries eligible for graduation.
- Stakeholders' awareness of and participation in planning for graduation improves the process.
- To withhold information concerning impending graduation from host governments risks serious negative consequences.
- Field staff needs, but does not receive, clear and consistent guidance on planning for and the process of graduation.

USAID needs a mechanism to determine and assess the post-graduation relationship and post-assistance institutional alternatives, many of which have a resource impact on the Agency. It is important to be very clear on why the U.S. needs a continuing relationship with a country. The planning phase should include consideration of USAID's legacy and of mechanisms to forge strong, enduring linkages between post-presence institutions and USAID achievements. At the same time, one must distinguish between identifying a U.S. interest in a country and concluding that USAID should be the vehicle to meet that interest.

The team canvassed other donors for information on their graduation policies and practices with limited results. The only relevant experience was the Canadian aid agency's work on documenting graduation in Europe. None had a systematic graduation policy or an approach from which USAID could learn.

Mr. Martin closed by reminding participants that the team's mandate was not to propose solutions, but to compile the records and report findings that could assist in addressing the issues.

Michael Crosswell, International Economist, Bureau for Policy & Program Coordination: Mr. Crosswell opened by saying that graduation is only one part of the larger issue of non-presence. This issue merges both policy and management concerns. Mr. Crosswell said he would address some of the problems that give rise to the need for a policy on graduation and non-presence, and the issues that would need to be resolved before a policy can be formulated and put into place.

Resources are stretched very thin as a result of additional demands in recent years. The Clinton administration emphasizes globalization and USAID has been faced with issues other than our traditional development concerns. The end of the cold war has seen an increase in crisis and transitional aid. Some countries have graduated and there have been reductions in some larger programs. But on balance, USAID's mandate is larger and its resources smaller. USAID field staff has decreased by 50 percent, total staff by 30 percent, and 28 Missions have closed.

A number of problems indicate the need to re-examine USAID policy on non-presence:

■ A recent Management Bureau study on activities in non-presence countries showed substantial programming consuming a significant amount of resources, while resources for full-presence missions are sometimes scarce;
■ USAID is not in a position to readily track,account for or report on these programs.
■ There is a staffing problem with overseas missions; many positions are unfilled, suggesting that missions have not adjusted to scarcity of staff;

- CDIE's draft graduation study indicates that approaches to graduation have been varied and haphazard.
- Strategic planning and operational guidance are tailored to presence countries.
- The decision process lacks clarity and transparency.

Mr. Crosswell spoke of the general issues facing USAID in addressing the non-presence issue, posing them as a series of questions:

USAID's basic goals encompass traditional development, transition from communism, crisis aid, global issues, other policy concerns. Can the Agency prioritize, given scarce resources? Will the political and bureaucratic processes under which the Agency operates allow prioritization? Can USAID posit, especially with reference to Development Assistance funds, that development is our main priority? What is meant by full-presence missions? What is the rationale for full presence? Is it still valid to tie field presence to results? What criteria do we use to decide which countries are full presence?

Moving to graduation-specific issues, Mr. Crosswell said the big question is how to judge whether a country is ready to graduate. Does graduation mean that all of the country's development problems have been solved? It is increasingly difficult to select criteria for candidacy. We cannot measure progress in democracy and environment as easily as we can in, for example, mortality rates. And what are the implications for programs after graduation, particularly in the advanced countries? Does USAID continue to work on unfinished development business or on pockets of development problems?

Mr. Crosswell then summarized some of the issues specific to non-presence. The Agency must determine what kinds of programs are envisioned in non-presence countries. It is acknowledged that the Agency is obligated to assist if there is a crisis situation in a non-presence country. It is important to examine the implications of non-presence and define programs that would make sense in those circumstances. And finally, there are the mechanics of process and management, where Mr. Crosswell identified five issues:

1. how to define the appropriate type of planning mechanisms;
2. how to ensure that statutory and policy requirements are met in non-presence countries;
3. whether and how to report the financial inputs and results obtained from USAID assistance in non-presence countries;
4. how to link the non-presence funding decisions to USAID's annual budgeting process;
5. how to determine the processes for programming in non-presence countries in terms of managing for results (consistent with core values and delegating

authority to the lowest level consistent with empowerment and accountability).

DISCUSSION: ACVFA member Lou Mitchell commented that many of the questions raised can only be answered politically. The bottom line, he said, is that there cannot be one policy that covers so many diverse contexts. There are too many variables to enable answering all the issues.

Mr. Crosswell said that is the reason they refer to the document as a policy framework, rather than a policy. The document is intended to set out "guiding considerations" and to provide a framework for decision-making, rather than definitive answers.

Mr. Martin added that the intent is not to come up with a computer algorithm to determine budgets. But because of the arena in which the Agency operates, it must have information to present to the decision-makers. The information presented should be based on development criteria, not simply on the rationale of politics.

ACVFA member Bill Fuller said that he agreed with the "guiding considerations" approach and felt that was probably as far as USAID could go. He observed that these questions have been around without resolution for years, suggesting that there was something missing in the policy context. It would be helpful for ACVFA to understand what in the policy context makes the issues so complex. This would ensure that the Committee makes useful recommendations and doesn't "reinvent the wheel" as it pursues this issue.

Mr. Martin noted that the regional bureaus have maximum flexibility at present and that it is not in their interest to agree to any policy that limits that flexibility. Mr. Crosswell added that perhaps the key issue in the policy context is what is USAID's central mission and how do we prioritize among programs and countries in the face of resource constraints.

ACVFA member Ted Weihe said that he admired the effort that has been made thus far to grapple with these complex and difficult issues. It seemed, however, that USAID was approaching the issue in a narrow budgetary context. The policy framework should be value-driven not resource-driven. He said USAID should seek to maintain legacies and relationships in areas where the Agency has been working for years. These hadn't been discussed. It is important to factor in people-to-people and business-to-business relationships that will last.

Mr. Crosswell noted the need for consistency with the GPRA and its results orientation in planning for legacies.

ACVFA chair Bill Reese said that we must learn how to define what the long-term deliverables will be as the result of these longer term relationships. Our success in

addressing long-term problems will be based on the quality of the relationship, not on intermittent activities over the long term. At present, short-term goals appear to be driving the exit from some countries. The term "graduation," in itself, lacks meaning. As a global power with global interests, the U.S. must view development as a continuing factor in its relationships abroad. USAID must be clear in defining the development challenges that remain and how these will be approached. If this is made too complex, he said, USAID might leave countries only because it hasn't determined how to stay, and other agencies (Agriculture, Commerce, Health and Human Services) will be called upon to handle the long-term development challenges.

Mr. Martin agreed that the process could be made too complicated, but said it could be made less so if the Agency could write principles and count on staff to abide by them. He said the process tends to become overcomplicated when one tries to create a policy whereby what is done today, continues to be done tomorrow.

ACVFA member Peggy Curlin noted that USAID used to be able to devote resources to maintain networks in non-presence countries, but that the current budget focus on field missions makes it less likely that such activities will be supported. She pointed out that regional issues are increasing in importance, mentioning AIDS and drug trafficking. She said that perhaps one solution is to re-think the regional strategies and perhaps to set aside funding specifically for such activities.

ACVFA member Bradford Smith praised the honesty and candor of the presentations and the draft policy framework paper that had been shared with the ACVFA. He pointed out that his organization and other PVOs share the same problems in deciding where to focus their programs.

A questioner from the floor asked about the impact of the Russian economic crisis on policy criteria, particularly concerning how to assess "need" and "partnership."

Mr. Crosswell said that with respect to presence in Russia and the Ukraine, foreign policy drives the overall decision-making. But this is not the case with decisions at the more specific programmatic level on how resources are used. Mr. Martin added that on the question of assessing need, the socioeconomic assessment factors are comparable across countries so that rankings can be made fairly easily and quickly; on the types of assistance that might be offered after the decision is made, the assessment is not so easy, and the CDIE study did not address those issues.

Another participant asked whether assistance from organizations external to USAID would be less prone to the political influence and bureaucratic considerations that USAID must face. If so, USAID might look to PVOs and NGOs to provide the entrepreneurial and managerial skills that are needed to sustain relationships in non-presence countries.

ACVFA member Lester Salamon said that he sensed a feeling of discomfort in talking about graduation, and suggested it should be positioned as a positive centerpiece of USAID policy long before it actually takes place. Graduation strategy should be determined early in the program to ensure doing what needed to be done, for example, encouraging local capacity-building and institution building on the ground. These important things might be postponed if graduation planning does not take place until just before the exit. He asked if there were a way to elevate graduation to a front and center goal of USAID.

Mr. Martin replied that there would be a way. If it were politically feasible, and funds could be appropriated, for USAID to announce that it would be in a country for a 20-year or longer period, then we would be working toward the twentieth anniversary as a cause for celebration of graduation.

A questioner from the floor asked whether one goal of the framework is to come up with a transparent process for PVOs to submit proposals when they have programs they want to continue in non-presence countries.

Mr. Crosswell said USAID would like to have a more transparent policy than at present.

Panel chair Bob Chase said that he detected considerable skepticism about the feasibility of developing a comprehensive policy on non-presence that embraces all the variables. It is important that the "best" not become the enemy of the "good." Now is the time to look at models that may be useful and feasible.

ACVFA chair Bill Reese said that ACVFA wants to be helpful and has committed itself to deal with issues where it has something of value to add and where the Agency has asked for advice. He said that he had committed to Administrator Atwood that ACVFA would not get into country-specific issues related to non-presence policy. USAID should look at its strategic partnerships as sharing situations. Some organizations are going into countries that USAID is leaving. He urged USAID to look to the PVO community as a resource for continuing its work and engaging with evolving development challenges. He urged USAID to put tough questions to ACVFA.

Mr. Crosswell summarized by emphasizing two issues that make it difficult to develop this policy and carry out much of what had been discussed: first, a lack of clarity concerning USAID's mandate and mission, and second, resource scarcity. These are the two biggest issues on which ACVFA can make a useful contribution.

Mr. Reese brought the session to a close by saying that the ACVFA is a development project in itself and must also be mindful of inputs, outputs, and results. The meeting

adjourned at 3 PM.